

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 11/5/2013	(3) CONTACT/PHONE Tami Douglas-Schatz (805) 781-5959	
(4) SUBJECT Submittal of resolutions approving amendments to: 1) the January 1, 2011 – June 30, 2013 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Deputy Sheriffs' Association (DSA) Law Enforcement Unit (BU03), Non-Safety Law Enforcement Unit (BU21), and Dispatcher Unit (BU22); and 2) the January 1, 2011- June 30, 2013 MOU between the County and DSA Supervisory Law Enforcement Unit (BU14) and approve amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt resolutions approving amendments to: 1) the January 1, 2011 – June 30, 2013 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Deputy Sheriffs' Association (DSA) Law Enforcement Unit (BU03), Non-Safety Law Enforcement Unit (BU21), and Dispatcher Unit (BU22); and 2) the January 1, 2011- June 30, 2013 MOU between the County and DSA Supervisory Law Enforcement Unit (BU14) and approve amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$36,350.00	(8) ANNUAL FINANCIAL IMPACT \$72,700.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Human Resources / Tami Douglas-Schatz
(805) 781-5959

DATE: 11/5/2013

SUBJECT: Submittal of resolutions approving amendments to: 1) the January 1, 2011 – June 30, 2013 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Deputy Sheriffs' Association (DSA) Law Enforcement Unit (BU03), Non-Safety Law Enforcement Unit (BU21), and Dispatcher Unit (BU22); and 2) the January 1, 2011- June 30, 2013 MOU between the County and DSA Supervisory Law Enforcement Unit (BU14) and approve amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

RECOMMENDATION

It is recommended that the Board adopt resolutions approving amendments to: 1) the January 1, 2011 – June 30, 2013 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Deputy Sheriffs' Association (DSA) Law Enforcement Unit (BU03), Non-Safety Law Enforcement Unit (BU21), and Dispatcher Unit (BU22); and 2) the January 1, 2011- June 30, 2013 MOU between the County and DSA Supervisory Law Enforcement Unit (BU14) and approve amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

DISCUSSION

The San Luis Obispo County Deputy Sheriffs' Association (DSA) is comprised of the following bargaining units (BU) and full-time equivalent (FTE) positions:

Law Enforcement, BU03	119 FTE
Supervisory Law Enforcement, BU14	14 FTE
Non-Safety Law Enforcement, BU21	9 FTE
<u>Dispatchers, BU22</u>	<u>15 FTE</u>
TOTAL	157 FTE

The classifications included in the DSA bargaining units are separated into "safety, non-sworn" and "non-safety" as follows:

SAFETY, NON-SWORN	
Sheriff's Correctional Deputy	BU03
Sheriff's Senior Correctional Deputy	BU03
Sheriff's Correctional Sergeant	BU14

NON-SAFETY	
Sheriff's Dispatcher Supervisor	BU14
Sheriff's Cadet	BU21
Sheriff's Property Officer	BU21
Crime Prevention Specialist	BU21

Sheriff's Forensic Specialist	BU21
Sheriff's Forensic Laboratory Specialist	BU21
Sheriff's Dispatcher	BU22
Sheriff's Senior Dispatcher	BU22

Consistent with the terms of the contract in the existing Memorandum of Understanding (MOU), on March 19, 2013, the County notified DSA of its intent to meet and negotiate successor contracts that were due to expire on June 30, 2013. The parties entered into negotiations on April 18, 2013 to negotiate changes to terms and conditions of employment. After several sessions of negotiating in good faith, the parties were able to reach a tentative agreement for amendments to their existing Memoranda of Understanding (MOU). The details of the MOU Amendments are as follows:

Term:

- The DSA Law Enforcement Unit, Non-Safety Law Enforcement Unit, and Dispatcher Unit (BU03, 21, and 22) MOU and the Supervisory Law Enforcement (BU14) MOU, which commenced January 1, 2011, have been extended for two (2) years and will fully terminate on June 30, 2015.

Wage Provisions:

- There will be no wage adjustments during the term of these Agreements.

Pension Provisions:

- Any future pension rate increases shall continue to be split equally between the County and employees for the term of the MOU.
 - For the term of these MOU Amendments only, the unit members' fifty percent (50%) share of pension rate increases shall not exceed a total of 2.5%. Any increase above the aforementioned 2.5% shall be included in determining the employee share of pension increases in subsequent years.
- Effective the pay period that includes January 1, 2014, the pension contribution rate for "non-safety" DSA employees in Bargaining Units 14, 21, and 22 shall increase by 0.48%. The County's appropriation rate shall also increase by 0.49%.
 - Appendix A – Miscellaneous Members Contribution Rates and Appendix A Tier 2 – Miscellaneous Members Contribution Rates reflect the new County appropriation rate and the new Tier 1 and Tier 2 member contributions rates.
- Effective the pay period that includes January 1, 2014, the pension contribution rate for "safety non-sworn" DSA employees in Bargaining Units 03 and 14 shall increase by 0.60%. The County's appropriation rate shall also increase by 0.61%.
 - Appendix B – Safety Members Contribution Rates and Appendix B Tier 2 – Safety Members Contribution Rates reflect the new County appropriation rate and the new Tier 1 and Tier 2 member contributions rates.
- New language added describing compliance with the California Public Employees' Pension Reform Act of 2013 (PEPRA), known as Tier 3 for all County bargaining units.
 - There will be no pension rate increase effective the pay period that includes January 1, 2014 for Tier 3 members, as the pension rate increase determination was calculated in 2012, prior to the passage of PEPRA.
 - Any future increases in pension costs shall be split equally by the parties for Tier 1, Tier 2, and Tier 3.

County's Medical Insurance Plan, Opt Out Provisions:

The County provides employees with a monthly Cafeteria Allowance benefit to offset costs associated with health insurance premiums. Employees have the option to elect health coverage provided by the County or they may choose to waive the County's health insurance coverage ("opt out") with proof of other coverage. Participation in County sponsored dental and vision is mandatory for all employees.

The DSA's current Cafeteria Allowance benefit is \$700 per month for non-supervisory employees and \$775 per

month for supervisory employees, which includes \$115 towards the California Public Employees' Retirement System (CalPERS) minimum health premium contribution. Each year, the contribution rate is determined by CalPERS and is required by the County for employees who participate in a County-sponsored health insurance plan. When an employee elects County-sponsored health insurance, the employee receives the full Cafeteria Allowance benefit for their bargaining unit (\$700 per month for non-supervisory employees and \$775 per month for supervisory employees). Those employees who opt out currently receive the Cafeteria Allowance benefit less the CalPERS minimum amount. For 2013, that amount is \$585 for non-supervisory (\$700 less \$115) and \$660 for supervisory (\$775 less \$115). For 2014, that amount is \$581 for non-supervisory (\$700 less \$119) and \$656 for supervisory (\$775 less \$119). After the mandatory County vision and dental premiums are deducted, the remaining amount is paid in cash to the employee ("cash out").

In 2012, Alliant Employee Benefits (Alliant), the County's insurance broker, assisted the County with a Request for Proposal (RFP) soliciting alternative health insurance programs for the County's consideration. The County received no responses. Alliant confirmed that the County's high percentage of opt out employees (currently 30% Countywide) deterred interest from competitor insurance companies. The County also conducted a comparison of fifteen (15) California employers' opt out provisions. The results reflected that San Luis Obispo County provided the highest amount of "cash out" to employees who opt out of County sponsored health coverage. In order to attract interest from competing insurance companies to provide employees with options for alternate health benefits, the County must reduce the high percentage of employees who opt out. The County's goal is to encourage County employees to elect County sponsored health coverage and eliminate the incentive to opt out that is created by the high dollar cash out amount. This will enable the County to be more competitive in the insurance market.

Currently, there are approximately 35% of employees in the DSA bargaining units who opt out. The DSA have agreed to eliminate cash out for employees who newly elect to opt out of County sponsored health insurance on or after January 1, 2014. Current employees who continually opt out will see no change to their Cafeteria Allowance¹.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from the Administrative Office, Auditor-Controller and the Pension Trust participated in the development of the MOU Amendments and the Pension Trust contribution rate sheets. County Counsel has reviewed and approved the MOU Amendments and Resolutions for legal form and effect. The Auditor's Office and Human Resources staff will process the system changes needed to implement these agreements.

FINANCIAL CONSIDERATIONS

Each year, an actuarial valuation is conducted by the San Luis Obispo County Pension Trust ("Trust") as a measure of the funding status of the Trust. Based on the 2012 report, it was determined that an increased rate of contribution was needed to appropriately fund the Trust. The County and the Trust have agreed that the rate increase will be effective the pay period that includes January 1, 2014. Based on this implementation date, the total rate increase for the "safety non-sworn" DSA bargaining units is 1.21%. The total rate increase for the "non-safety" DSA bargaining units is 0.97%.

As agreed to in the DSA MOU Amendments, attached hereto as Attachments A and B, the DSA employees and the County will equally split the pension rate increases. By splitting the "non-safety" pension rate increase of 0.97% (half of which is 0.49%), the County's annual ongoing costs shall increase by approximately \$9,200. For FY2013-14, total County costs will increase by approximately \$4,600 for the time period of January, 2014 through June, 2014. Similarly, by splitting the "safety non-sworn" pension rate increase of 1.21% (half of which is 0.61%), the County's annual ongoing costs shall increase by approximately \$63,500. For FY2013-14, total County costs will increase by approximately \$31,750 for the time period of January, 2014 through June, 2014.

Per the Board's policy, the Sheriff's Office budget will bear the cost of the County's pension rate increases, totaling

¹ Pursuant to the previous terms of the DSA MOU and continuing with the current MOU, the Cafeteria Allowance will decrease each year due to the increase in the CalPERS minimum amount. For 2014, the CalPERS minimum amount is \$119 per month. Therefore, the current \$585 for non-supervisory and \$660 for supervisory Cafeteria Allowance for opt out employee shall decrease to \$581 for non-supervisory and \$656 for supervisory in 2014. The CalPERS minimum amount for 2015 is yet to be determined.

approximately \$72,700 in annual County costs.

RESULTS

Approval of these Resolutions will extend the DSA Law Enforcement Unit, Non-Safety Law Enforcement Unit, and Dispatcher Unit (BU03, 21, and 22) MOU and the Supervisory Law Enforcement (BU14) MOU by two (2) years through June 30, 2015. The terms and conditions outlined in the MOU Amendments are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. The new MOU provisions also contribute to a results-oriented, well-governed community.

ATTACHMENTS

1. Resolution - DSA Non-Supervisory
2. Resolution - DSA Supervisory
3. Appendix A - Miscellaneous Rates
4. Appendix A Tier 2 - Miscellaneous Rates
5. Appendix B - Safety Rates
6. Appendix B Tier 2 - Safety Rates
7. Attachment A - DSA Non-Supervisory MOU Amendment
8. Attachment B - DSA Supervisory MOU Amendment